

**IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF NEW YORK**

CONSUMER FINANCIAL PROTECTION )  
BUREAU, et al., )  
                                       )  
                                       )  
Plaintiffs,                         ) Case No. 24-cv-00040-EAW-  
                                       ) MJR  
                                       )  
v.                                     )  
                                       )  
STRATFS, LLC (f/k/a STRATEGIC )  
FINANCIAL SOLUTIONS, LLC), et al. )  
                                       )  
                                       )  
Defendants,                         )  
                                       )  
and DANIEL BLUMKIN, et al.     )  
                                       )  
                                       )  
Relief Defendants.                 )

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**DECLARATION OF CRAIG HORVATH**

I, Craig Horvath, hereby declare as follows:

1. My name is Craig Horvath. I am over 21 years of age. The statements in this declaration are made based on my personal knowledge and I would be competent to testify to them if called upon to do so.
2. I am an attorney licensed to practice law. I am currently the managing member of Rockwell Legal Group. The term “Law Firm” as used herein refers to the aforementioned firm.
3. On January 11, 2024, this Court entered an *ex parte* TRO that appointed a Receiver, Thomas McNamara, to operate StratFS and its various affiliates (collectively “SFS”). Dkt. 12. The Receiver has remained in control of SFS since that date. As a result of that TRO (and the subsequent preliminary injunction), the Law

Firm effectively went “dark.” It lost much of its support staff, much of its technology, and much of its data in one fell swoop. It was (and remains) severely impaired in its ability to effectively represent clients.

4. Since that time, the Law Firm has continued to represent its clients, including representation in ongoing litigation. However, that representation has been hampered by a lack of support from SFS. In addition, the Law Firm has been unable to collect fees from its clients.

5. In the absence of any revenue to fund their operations, the Law Firm has been compelled to fund its operations through existing reserves and borrowing. The Law Firm has downsized and been forced to lay off attorneys and staff. It has taken cost-cutting measures to remain in business.

6. The Law Firm can no longer continue to provide legal representation in the absence of new fee income. In particular, the cost of representing clients in litigation (which requires compensating Law Firm attorneys to provide such representation) is not sustainable.

7. Accordingly, the Law Firm, after consultation with counsel, has concluded it can no longer provide representation to its clients and must withdraw from representation. *See ABA Model Rule 1.16(b)(6), (7).*

8. The Law Firm intends to withdraw from further representation of all clients ***except*** with respect to credit card accounts that are currently in litigation. With respect to those accounts, the Law Firm shall complete its course of representation in the current litigation before full withdrawal.

9. The Law Firm's proposed course of action to withdraw is as follows:
  1. The Law Firm shall send the Letter attached hereto as Exhibit 1 to all current Law Firm clients. The Letter advises clients of the withdrawal, alerts them to their options with respect to their RAM accounts, alerts them to the importance of continuing to make payments on existing term settlements, and advises them that they may obtain their client files. The Letter will be sent via email and US mail by the Law Firm.
  2. The Law Firm has established a new email account and 800 number (which are set forth in the Letter) to allow Law Firm clients to pose questions and make file requests. I am advised the Receiver has indicated that SFS staff will direct client inquiries concerning the Law Firm's withdrawal to the Law Firm's newly-established phone line and email.
  3. With respect to clients who request their files, those clients may obtain the portion of their client file that is in SFS's possession by accessing the client's secure portal. The Law Firm shall provide the portion of the client file in its possession directly to the client.
  4. I am advised that the Receiver will post a template letter to each client's portal that allows the clients to communicate directly with their creditors regarding the cessation of representation.
  5. With respect to client credit card accounts that are in litigation, the Law Firm will continue to provide representation in those lawsuits until those suits are resolved (either through settlement or adjudication).

Dated: October 25, 2024



Craig Horvath